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A new institutionalist analysis on emerging donorship

Explaining the rise of the knowledge dimension in the South Korean aid regime

Jisun Yi*

June 2015
Abstract: This study aims to provide a neo-institutional explanation of why South Korea increasingly intends to share its developmental experience with the rest of the world. South Korea’s knowledge sharing projects are the leading example of expansionary and self-defining efforts of its aid administration. By analysing the aid policy-making process, this paper explores the inside dynamics of an emerging donor government—pinpointing why aid bureaucracy stands at the centre of the rise of the knowledge dimension. This research highlights the particular statist developmentalism—as major bureaucratic discourse and momentum behind the aid expansion—that appears to be neither necessarily strategic nor coherent.

Keywords: aid bureaucracy, knowledge sharing, agency problem, emerging donor, state developmentalism

JEL classification: D73, F35, H11, O10

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1 Introduction

The intent of this study is to provide a ‘neo-institutional’ explanation of why South Korea increasingly intends to share its developmental experience with the underdeveloped regions around the world. This issue is crucial for the following reasons. First, as one of the world’s new foreign aid givers, the Korean case provides a new perspective of how and why emerging donors are considered different from the traditional, Western donorship. Second, due attention must be given to the increasing prevalence of those countries which have graduated from aid recipiency and are now starting to disburse development aid. These new cases ignite a debate as to what extent the past development experiences, such as industrialization and management of external financial resources, of those countries affect their aid provision of today.

Third, set against heavy international attention to China’s aid policy and practice in understanding emerging donorship, a closer look at other significant donor cases, here focusing on Korea, reveals key peculiarities that have been marginalized in the contemporary discussion of development cooperation. Those features, once fully understood, would contribute to a better grasp of East Asian aid model variations. Fourth, in relation to the chosen framework of agency theory, this new institutionalism prism is useful to identify particular forces and structures within a government that finalize state strategies and determine state behaviour in the sphere of foreign aid policy in Korea. As this paper suggests, such political dynamics among aid policy makers and practitioners within the Korean aid administration is regarded as a crucial context to understand the origin and build-up of new aid initiatives, including knowledge sharing (KS), and to clarify a fundamental characteristic of the statist South Korean aid model.

1.1 Setting the scene: old and new trends of aid model discourse

Foreign aid arises from complex political contexts and dynamics. To understand the complicated nature of aid, particularly associated with state donors, one central question needs to be addressed: Why do countries give aid? Despite the voluminous academic literature produced on this particular puzzle, this debate continues with no full conclusions. This is perhaps because donor countries increase in number and aid becomes unprecedentedly expanded, diversified, and constantly transformed per se. Since the end of the Second World War—when a modern form of foreign aid was first introduced to assist the post-war reconstruction in Europe—aid-giving has been gradually evolving and delivering a mixed set of objectives that embrace the donor’s considerations of diplomacy, geopolitical interest, economic/commercial interest, humanitarianism, and external development such as poverty reduction and economic growth in the Third World (Lancaster 2008).

Aid motivations are varied and differently prioritized country by country. Also, the particular mix of aid motivations is crucial in clarifying one country’s aid model. The relevant discussions and studies are developed by and large in the North American and European policy arenas. It is most commonly understood that both donors’ historical/contemporary relationships with aid-recipient countries and domestic contexts of donor countries determine the rationales and purposes of donors’ foreign aid policies. For instance, the United States and Japan are examples of countries providing a large share of their foreign aid under diplomatic, geopolitical calculations and commercial considerations. France’s official development assistance (ODA) aims to disburse foreign aid in order to expand her historical/cultural influence over former colonial countries.

1 ‘Throughout the article ‘South Korea(n)’ and ‘Korea(n)’ are interchangeably used. To avoid confusion, I explicitly indicate another country as ‘North Korea(n)’ when referring to the Democratic People’s Republic of Korea (DPRK).
Nordic counterparts (e.g. Swedish and Danish aid), on the other hand, are prioritized to achieve humanitarian and developmental purposes (Hook 1995; Lancaster 2008).

Although the OECD/DAC (Organisation for Economic Co-operation and Development/Development Assistance Committee)—the more than 50-year mainstream aid policy forum among selected, advanced bilateral aid givers—represents standardized norms that have guidelined those leading donors’ aid policies and practices, there are a wide range of aid models found in the West. Here, ‘aid model’ refers to the institutionalized orientation of aid policies and institutions that are specific to an individual donor (Kondoh 2012: 82). Extensive case studies on western donor governments and societies conclude that such aid models are crystalized by particular prioritization and are relevant to the extent and the mix of aid purposes (Lancaster 2008; Schraeder et al. 1998; Van der Veen 2011).

In fact, the efforts to clarify aid models together with the aid motivation debate have been concentrated on ‘input’ criteria so far. For example, overall aid amount, preferred aid types (e.g. concessional loans, grants, a tied ratio of aid, etc.), distributing channels (bilateral vs. multilateral aid), and geographical allocation (including recipient composition) are considered primary dimensions to define aid motivations and models of donor states (Alesina and Dollar 2000). One of the central notions behind this approach is that various indicators of international geopolitical, economic situations and cross-national relations could explain donors’ behaviour.

Such patterns and direction of foreign aid have been discussed in the donors’ domestic contexts as well. According to Round and Odedokun (2003), endogenous features of donors, such as economic performance (gross national income, GNI), size of government budget, pro-poor tendency of society, degree of fractionalization of government, constitutional settings, and peer pressure are closely linked to the aid patterns of the 22 DAC member countries from the 1970s to the 2000s. The study demonstrates that the DAC donors tend to have aid models that are significantly responsive to the domestic factors described above.

On the other hand, another thread of qualitative analyses on individual aid donor cases highlights the relations between government and society in the foreign policy regime—which is deemed a definite, constant shaper of a country’s aid model. From the perspective of the donors, foreign aid is a product of domestic debates that are accumulated over years and represent diverse, competing interests deeply embedded in society. This type of aid model discourse pays attention to institutions that emerge from the long-term state–society communication, such as the consensual concepts and definitions of ‘national interest’ in donor states (Hook 1995), interest group politics (Lancaster 2008), and ODA-related legal discourse (Van der Veen 2011).

In fact, the above-mentioned understanding of foreign aid starts from a fair point that aid resources come directly from the pocket of the citizens. Like any other policy area, foreign aid policy is part of the modern statecraft. Hence, not only the global value of development (poverty reduction and economic growth in the Third World) but also national interest is recognized as a critical element of foreign aid. Of course, foreign aid is often initiated and shaped by external factors—for example, the eruption of humanitarian crises overseas and the requests for specific help from the developing world. But bilateral aid, wherever, whenever, and however it goes, inevitably speaks for its origins just like the autobiography of aid-giving societies (Williams 2002).

A relatively recent trend in the relevant aid model discussion is a more focused view on the aid policy-making process. This is particularly what this paper attempts to introduce through a country case. This approach, however, is neither completely new nor incompatible with the above-mentioned domestic politics analysis. Rather, it allows us to track the actual aid process of political interactions and negotiations between aid-related organizations (including non-governmental
organizations (NGOs) and interest groups) at various levels, thereby identifying principal actors and their particular roles in leading and influencing national aid discourse and practice.

The significance of this particular viewpoint can be reinforced by the following developments. It was in the 1990s that domestic/international scepticism over the prolonged failure of the western development aid, mainly in Africa, reached an unprecedented level and even the global aid contribution gradually shrank. During that time, problems associated with not-working-aid were once again explored in the donors’ settings. This investigation focused specifically on aid givers’ organizational ineffectiveness and incentive problems of aid bureaucracy. At another level, there was often wide discrepancy between the behaviour of the government and public preference within a donor society, which resulted in public and academic debates in advanced donor countries—regarding why and how such discrepancy occurs and is even legitimized. Thus, the behind-the-scene rationales, strategy-building, and negotiations among policy makers and aid practitioners came to be examined in the sphere of foreign policy. Expectedly, the analyses and resulting insights over this aid policy-making process provide some tangible clues about the particular aid motivations and can identify those crucial aspects of an aid model.

1.2 Emerging cases for aid model analysis

Beyond the continued debate on aid motivations and aid models, what is new is the growing presence of emerging economies in Asia, Latin America, Africa, and Eastern Europe in the global aid community. Primarily, given such new forces, these emergent development aid donors also are put under the perennial, but slightly different, questions of why they start to give aid in the absence of consolidated public support, economic maturity, and global responsibility mentality—all of these institutional bases are considered essential for Western practices—and how their aid motives might be differentiated from those of the existing donorship. The aid model discourse is once again revitalized coupled with the growing commitment of those emerging economies.

Moreover, these bilateral aid givers seem ambiguous. The majority of them appear interested in the West-dominating trends and consensuses, such as the United Nations’ Millennium Development Goals initiatives (2000–15) and OECD-led high-level development agendas. However, their aid norms and principles of ‘economic co-operation’, ‘mutual benefit’, or ‘help for self-help’ remain imperative in governing and practising their inter-governmental loans and grants. Such intervention of new or (re-)emerging donors into the underdevelopment scenes of the globe has generated mixed reactions in the international aid markets. Both positive and negative views are raised with regard to whether fast-growing new aid flows would be an alternative developmental tool for poor countries where Western aid has long failed to bring about clear progresses (Manning 2006); or whether they might add more complexity to the already-too-complex-and-too-competitive aid fields; or whether they might even offset the Western endeavour for the promotion of human rights, democratization, and environmental protection.

So far, the key concerns among international scholarship and aid practitioners towards emerging donors are largely centred on the heterogeneity between the old and new group of donors but far less attention is given to the concerns within the emerging donor group. Above all, the People’s Republic of China, one of the largest economic partners and aid givers to the developing world, has absorbed the almost exclusive attention in the global aid debate (Mawdsely 2012; Woods 2008).

Indeed, the Chinese case and its operations in the African and Southeast Asian regions, for instance, might be representative of other significant new donors’ activities in this contemporary era. Above all, this might include the lack of transparency in aid policy-making and aid implementation processes, the ‘strong-state-and-weak-society’ tradition in the development cooperation field, and loose conditionality attached to their aid packages.
However, this attempted collective understanding of emerging aid givers dismisses the distinctive discrepancy in contexts for respective emerging donors: the contexts of economic growth path, socio-political development, state governance, and even their aid-receiving experience—all of which lay the foundation for their own rationales and strategies of the infant state practice, development aid-giving. Although the East Asian region alone demonstrates a diverse range of aid policies and practices like the existing variations in the Western world, the China-oriented generalization of the emerging donorship seems problematic and even discourages necessary aid model studies on South Korea, Taiwan, and even the former aid superpower but a continuously evolving Japan.

1.3 Positioning Korean donorship

Against this backdrop, this paper aims to address the so-far-marginalized but critical issue of ‘aid contexts’ in South Korea. In particular, the neo-institutional analysis on the aid policy-making process is conducted within the forum of the aid motive/model discourse.

To begin with, the past developments and current status of South Korean ODA policy and practice underline the significance of this particular study and generate wider implications of aid model analysis. First, South Korea, interestingly, is not a clear-cut case in terms of defining its bilateral donorship according to the predominating ‘DAC donors versus emerging donors’ dichotomy. As the second Asian member to the DAC community after Japan, Korea is one of a few former development aid recipients that meet DAC’s quantitative and qualitative standards, thus becoming comparable to the very experienced, well-recognized donors. What we see in addition is its active engagement in the DAC policy dialogues. On the other hand, however, Korea is often seen as the most alien to the DAC group due to its non-DAC aid components and sectoral orientation—Korean ODA policy remains that aid is given subject to a high level of tied aid and loans and much of it is invested into economic/production infrastructure-building.

Second, South Korea’s compressed aid growth rates and vibrant institutionalization from the mid-2000 onwards are unprecedented in the six decades of global aid history (OECD/DAC 2012). Since Korea completely graduated from its aid recipientship in the late 1990s, it opened up a new chapter of aid-giving and established aid-related laws and organizations throughout the 2000s. The build-up of aid institutions picked up momentum under a political slogan to abandon Korea’s studentship of the Japanese aid model and to find Korea’s own unique principles and systems. Among other things, Korea’s successful history of aid management and industrialization is identified as a key resource and comparative advantage in the competitive international aid markets. Therefore, the South Korean aid expansion for the past decade accompanies various initiatives and pilot projects in an attempt to find and promote ‘Korean values’.

Third, these vibrant mobilizations in support of the aid expansion take place somehow in silence in Korea. That means, South Korea’s aid growth, institutionalization, and even its 2010 entry into the OECD/DAC are interpreted as the result of its government-directed campaigns rather than as its arrival to a consolidated aid-giving society with significant levels of public understanding and civil society engagement. The penetrating ‘role of the state’ in East Asia is previously taken into account as one of the pivotal dimensions that pinpoint fundamental differences between Western and Asian donors (Söderberg 2010). The East Asian developmentalism literature that captures the entrepreneurship of governments in dictating domestic markets by implementing pro-active industrial/trade policies from the 1950s to the 1980s might provide some roundabout implications for today’s state-led facilitation of Korean aid.

However, the role of the state should be carefully reconsidered in explaining the emergence of Korean development aid donorship and aid proliferation in the context that foreign aid remains a
minor and relatively unfamiliar policy issue to the whole government, parliament, and even to the
general public in Korea. How the concept of 'state developmentalism'—'the existence of a
dominant developmental discourse on the necessity of industrialization and of state intervention
to promote it' (Woo-Cumings 1999: 13)—is manifested in such a non-mainstream/new
development policy area remains untouched.

Above all, considering the given peculiarities (non-DAC characteristics, defining Korean values,
and the developmental state tradition referred to previously) from the recent observations of the
Korean ODA policies, the following research assumes that these are the products of that particular
Korean aid model. Together with relevant domestic/international contexts examined by previous
studies, this study is expected to render a further explanation as to the key components of the
South Korean aid model. By singling out the within-government contexts of how and why a
selected aid policy initiative arises and evolves, this research attempts to identify the hidden
mechanism by which specific considerations and incentives prevail within a group of policy makers
and practitioners, and the collective force of the bureaucratic discourse that gives rise to a certain
styled aid policy pattern and aid model.

2 Literature review

The research is situated between two aid literature threads. Thematically speaking, one group of
the aid literature toils on the issue of aid policy patterns (the input side of foreign aid) and the
other group examines the impacts (the output side) of foreign aid in receiving countries. However,
there is very slim research done on the intermediary process of how aid policy is being made and
reshaped, in particular, under what institutional settin
3gs and procedures involved in the aid policy-
making. If we are talking about different aid motivations, aid patterns, and aid impacts of donors,
it is important, despite the researcher’s distinctive difficulty in getting access to relevant data and
information on involving actors and internal processes within the government or aid agencies
(Martens 2002: 10), to identify the mechanisms behind aid policy-making and to clarify what
governs policy makers and practitioners.

As previously told, the domestic politics of foreign aid has been well analysed by other useful
approaches in the existing studies (Hook 1995; Lancaster 2008; Rix 1993; Van der Veen 2011).
These qualitative studies tend to capture long-term political dynamics among a wide range of
domestic interest groups in society. They highlight the roles of key domestic aid players, such as
governments, politicians, interest groups, and NGOs—those who altogether shape the priorities
and directions of foreign aid policies and practices.

What is still missing in the above foreign aid literature, however, is a proper attention to the state
aid administration that constitutes another important aid context to be considered. This third
context of development assistance is far more complicated—with a number of aid-related
ministries, subordinate agencies, and sub-contracting bodies—than one might conceive. Each one
of them displays varied sets of organizational capacities, preferences, and incentives towards
different types, agendas, and modes of development assistance. Not only the respective role and
strategic behaviour of individual aid organizations but also the interactions and negotiations
between them collectively give rise to certain styled policy discourses and policy outcomes, and
characterize a concerned aid system as a whole.

2.1 Why a chosen viewpoint matters for Korean aid model analysis

In the Western belief, aid-giving is fundamentally subject to the domestic taxpayer (the funder).
Foreign aid, notwithstanding procured from the non-voluntary tax revenue, cannot be something
away from the extent to which the public understands this government’s overseas spending (Martens 2005; Milner 2006). Under representative democratic systems, citizens normally assign the job of overseas aid provision to an elected government, which once again delegates the task to its subordinate groups of implementing body. Adding to that, ODA budgeting is a high-profile issue. Annually, an average DAC country spends a considerable 0.3 per cent of GNI for ODA funding (OECD/DAC 2012). Public debate and scrutiny on government’s aid activities are intense. Overall, a national aid administration is rarely considered a ‘third’ context that independently reshapes policy outcomes; rather, it is regarded as the ‘deliverer’ of domestic and international aid narratives in the Western tradition.

However, when it comes to the East Asian environment, this third context is particularly important. In the case of the Korean aid regime, what is distinctive—compared to the Western cases—is that the general public and other economic/social interest groups are largely absent from the beginning of aid-giving history. In Korea, ministries and other small and big governmental agencies are involved in aid management and operations. They have virtually been the strongest interest group and the leading opinion makers in the development co-operation field in times of public apathy. The liberal-realist confrontation witnessed in many Western donors also seems obscure in Korean society.

This paper assumes that an introduced framework should be useful to capture the particular context of state dominance in the Korean ODA policy-making and operation field. Thus, the next section elaborates on the details of a chosen theory, hypotheses, and case selection. Also, other necessary discourse on aid bureaucracy and knowledge-based aid is incorporated into the following review.

2.2 Agency theory: An introduction

A principal–agent framework (interchangeable with PA or agency theory) is a newly introduced tool in foreign policy studies (Martens 2002). One of the notions behind this theory is the interpretation of diverse political scientific/economic matters as a problem that occurs between the agent (the hired) and the principal (the hiring). Basically, the agency theory pays attention to a relationship that is constructed by a mutual contract between two parties—in order for an incapable principal to delegate defined tasks to a capable agent. Such PA relationships exist everywhere in our daily lives (e.g. the electorates and the politician in a representative democracy).

As a matter of fact, a problem often observed on the binding relationship is a mismatch between what the principal wants and what the agent performs. This is presumably because the agent acts on his/her own self-interest and this is possible also because the agent usually has more information than the principal. A key interest of this theory rests on how the principal can control and influence the agent through proper institutional tools that could possibly curb the agent’s self-interest and achieve the objective of the principal (Figure 1).
Likewise, the PA framework is also applicable to national foreign aid-giving. But the PA model hypothesized between the state and society in a donor country may look not that simple. Inasmuch as there exist a number of actors and organizations involved in the entire process of bilateral aid delivery, it is composed of interconnected multiple PA relationships: the taxpayer (final principal)—elected parliamentarians—public administrations (president, ministries, and subordinate agencies)—NGOs or private sector (sub-contractor)—recipient governments—foreign citizens (final beneficiary).

The multi-level PA structure implies the involvement of many (including assumptions). First, it is almost procedural in the modern organizational management that only adjacent levels of actors and organizations are in a direct communication: for example, a foreign affairs ministry—a responsible manager and supervisor of aid policy implementation in general—rarely directly works with non-governmental sub-contractors without its subordinate aid agencies intervening. In this respect, theorists see that the intermediaries are not spending allocated budgets but rather ‘moving money’ towards the end of the command chain. Second, all the intermediary actors or organizations are interdependent. They do not achieve given, definite goals without their direct agents and vice versa. Third, the length and scope of the delegation/command chain represent some characteristics of the whole delivery system. For example, a long, complex chain tends to necessitate a heavy indirect cost but this type of chain might be motivated by the increasing accountability of public sector services.

Each donor country might have a different delegation chain. It depends on what funding sources are procured for ODA spending, how many intermediate organizations take part in ODA policy-making and implementation, and whether or not governments might choose either to exercise ODA delivery on their own or to delegate the task to international organizations to avoid possible public criticism (Milner 2006).

In theory, a cross-border aid delegation chain is bound to experience the problem of a broken feedback loop since the final principal (the funding citizens) is not the direct beneficiary of the services provided by the agents (Martens 2002: 18; see also Gibson et al. 2005; Radelet 2006). At this delegation chain setting, principals are likely to have little or less access to information on the ODA activities in foreign countries compared to agents. The insufficiency of information on the side of principals weakens a mechanism of influencing the agents back—either rewarding or punishing the agents. Owing to the broken feedback loop problem, there are more possibilities for agents to serve his/her own interest, as a consequence.
Among numerous PA relationships found in a bilateral channel of aid delivery, those organized within a public administration are particularly resonant for understanding the nature of aid bureaucracy and aid policy-making models (Gibson et al. 2005: 70). Intermediary organizations in an aid administration comprise a unique structure that can be differentiated from that of multilateral/international development organizations or private foundations. This is largely due to the different natures of the organizations in terms of organizational choice of goals and approaches. While a shorter chain often observed within non-bilateral aid organizations might be designed for raising cost efficiency, bilateral aid administrations tend to have a longer chain of intermediaries in order to improve their public sector accountability (Figure 2).

Figure 2: Hypothetical PA relationships of a donor government in the field of international development cooperation

Source: Author's compilation.

In a similar vein, particularly for bilateral aid delivery, there are a number of aid agendas, including non-developmental/ideological ones (e.g. democracy promotion, terrorism prevention), incorporated into national aid objectives. This is because a politician elected as the executive of the administration—who provides overall policy directions and prioritizes agendas according to his/her political orientations—is involved at the top of an aid administration hierarchy. The nature of PA relationships between the periodically changing political principal and the non-elected state bureaucracies might be determined by various institutions (e.g. the Constitution and national laws, traditions, etc.). But it seems neither purely procedural nor fixed. A myriad of political interactions and negotiations continuously take place within the structure, representing a wide range of interests of participating organizations in the different names of national interest or Third World development.

Ultimately, this political dynamics, created by interdependent PA relationships within an aid administration, lies at the heart of this research. This is an attempt to go beyond the conventional institutional analysis that focuses mainly on macro-level static factors of institutions that might govern policy outcomes.

2.3 Hypotheses: Two-levelled

PA relationships that the agency theorists reconstruct are not merely mechanical. Rather, the intended analysis of PA relationships here embraces power-seeking and the informal nature of those as well. In a concerned model, there are two sets of hypotheses. At one level, it is about the individual linkages between principals and agents. At the other level, a whole PA structure is considered. This categorization into individual and holistic levels of PA interactions is adapted from the previously introduced frameworks and concepts in the pioneering works of Ostrom et al. (2002) and of other political scientists and institutional economists (Hawkins et al. 2006; Martens et al. 2002; see Table 1).
Table 1: Key dimensions to reveal characteristics of principals, agents, and a whole delegation chain: A two-level PA framework

<table>
<thead>
<tr>
<th>Agency</th>
<th>Vertical/horizontal linkage of chain</th>
<th>Overall structure of chain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principals</td>
<td>• Agent-control strategies and mechanisms (e.g. employment/secondment policy, monitoring/reporting requirements)</td>
<td>• Length of delegation/command chain</td>
</tr>
<tr>
<td></td>
<td>• Multiple objectives and multiple principals situations</td>
<td>• Scope for policy-making and implementation networks</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Presence of common objectives</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Task allocation (co-ordination mechanism) and collective action problem (e.g. fragmentation)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Entry and exit of agency</td>
</tr>
<tr>
<td>Agents</td>
<td>• Individual incentive systems (e.g. organizational history, capacity (talent), preference, etc.)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Strategic behaviour (non-passive action)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Multiple agents situations (e.g. peer pressure)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Author’s compilation.

According to the PA theory, a central assumption is that the agents pursue their own interests (Hawkins et al. 2006: 21–22). The self-interest-seeking behaviour of the agents causes an inevitable conflict of interest with the principals. The particular action of the agents is termed ‘agency slack’ and that is a core of the agency problem. Although various hypotheses are testable in a multiple PA model, this ODA-concerned research particularly regards it a problem when a weak broken feedback loop in the bilateral delivery chain—isolating the funding citizens and recipient governments/foreign citizens—further exacerbates the agency slack among aid agencies by inducing incentive biases of the intervening bilateral aid administration.

**Principal characteristics**

Principals curb agency slack by setting rules through which the principal defines clear objectives, assigns defined tasks, and monitors the agents. One of the hypothesized behaviours of principals is that they might create agent-control institutional bases depending on their preferences, strategies, degree of information-seeking, etc.

In theory, the principal avoids increasing the autonomy, capacity, and specialization of the agent. For example, considering a PA relationship constructed between a foreign ministry and aid agencies (as implementing bodies), it is often observed that the ministry deploys its personnel to take leadership of subordinate organizations for effective control and monitoring of the aid agencies. Also, the principal could be multiple (joint delegation) and might promote multiple objectives (Seabright 2002).

**Agent characteristics**

As a matter of fact, the mainstream discussion on the PA theory is centred on the characteristics of principals that are believed to determine the outcomes of the delegated tasks. On the other hand, the agent is deemed a passive, conformist actor whose autonomy is decided by the principal’s preferences and strategies. What is new against this conventional discourse, however, is that a group of scholars theorize on the unconventional situations under which the characteristics of agents matter.

This particular theorization arises in a hypothetical situation where objectives are not clearly defined or conflicting multiple objectives are imposed by the principals. Theorists Hawkins and Jacoby (2006: 200–202) note that even if there are no firm set of objectives and obscure task allocation given by the principals, it is still questionable whether the agent would remain passive and perform routine activities like the mainstream idea. While various external and internal factors shape a system of incentive and constraint for agents’ behaviour, according to them, the agents...
might increase their autonomy against the principals. Self-interests of the agents could be defined by their organizational history, capacity (talent), and preferences.

For the agents to increase autonomy under a given situation of missing objectives and obscure task allocation, there are a set of hypothesized organizational behaviour to be tested (Hawkins and Jacoby 2006): (i) interpretation/reinterpretation, that is, the agents might set their own objectives by self-interpretation upon the obscurity of given objectives; (ii) policy permeability, that is, they actively invite a third party, such as influential international authorities, and adopt the guidelines and policy directions proposed by the non-principal in a bid to reinforce the legitimacy and public confidence of their policy decisions and practices; and (iii) buffering, that is, the agents might create some barriers against the monitoring by principals. This 'agent-oriented' thesis will be tested in the following analysis.

Delegation chain characteristics

From a wider scope of analysis, an entire delegation chain could be examined in diverse dimensions. Considering the length of the aid delegation chain, the longer a complex chain exists, the more the aid administration is likely to induce agency slack. The presence of common objectives throughout multiple PA linkages is an indicator of the quality of institutional settings—whether generating clear, coherent signals to the agents. It is also about whether proper coordination/task allocation mechanisms are in place and whether the mechanisms informally or formally work among agencies. Free entry or exit of an agency in and out of the aid delegation chain is seen as a negative factor to increase agency slack as well.

Closing the review session

Admittedly, not all the critical notions and hypotheses of the existing agency theory discussion are introduced here. Rather, the two-levelled hypotheses and proposed dimensions are selectively presented by the foci of this study. The suggested hypotheses and dimensions are adapted along with extra consideration of particular contexts and natures of which ODA-related public agencies might be generally featured—in comparison with organizations or communities in the other public policy fields or those in the private sector.

What determines the status of principal and agent is, indeed, relative. Any involving actor could be either a principal or an agent depending on whom he/she interacts with for task delegation. However, the respective behaviour of an actor taken as a principal and an agent collectively provides us with a number of important clues about the characteristics of the concerned organizational actor.

The behavioural logic—or ‘incentive systems’ in institutionalist parlance—is one of the targeted findings of this research. Not only the individual actors’ behavioural logic but also that of a group of actors in a collective sense has significant implications on the key features of a concerned aid community in the Korean aid regime. The group dynamics, like the neo-institutionalists suggest, represents a particular incentive/constraint system of national aid players. This incentive analysis could serve both as a specific answer to how and why the Korean government develops and expands the KS initiative—the nature and content of state developmentalism in the new international policy field in South Korea—and as a wider explanation to ODA model puzzles regarding the fundamentals of unconventional characteristics of emerging donorship.
3 Research design

This study focuses on the contemporary political dynamics among aid policy-making and implementing bodies, here called aid bureaucracy, within South Korea’s administration systems. One of the particular aid products that this research investigates is South Korea’s KS initiative. As a chosen case-in-case study, KS was officially introduced in South Korea in the form of a pilot project in 2004 and has been developed into a cross-sector theme of the Korean aid practice.

Historically, knowledge-based aid stemmed from a global initiative to make the development know-how of the advanced economies accessible worldwide (World Bank 1999). It is public policy consultancy that accommodates the production of policy papers, the dissemination of policy advice, and the provision of capacity-building training for recipient governments (King and McGrath 2004).

The significance of the KS case for this study is two-fold. First, Korean KS is one of the representative practices of emerging donors. In the context of strengthening South–South and triangular co-operation—in marked contrast to the traditional North–South co-operation—new donors increasingly introduce the varied forms and contents of KS projects to their development partner countries. Second, KS practice in Korea is being initiated and implemented by a comprehensive range of aid agencies. Almost all leading loan or grant-specialized aid agencies take part in KS.

Figure 3 shows a targeted set of PA relationships that appear in ODA policy-making and KS-implementing agencies in the Korean government. Governmental PA linkages in focus are hierarchically interconnected. Focused linkages are those between president, managing ministries, aid-implementing bodies and other organizational actors (e.g. the National Assembly, prime minister’s office (PMO), NGOs, private sub-contractors)—those who are entangled in the delegation chain to various degrees.

Figure 3: The cross-border PA relationships and the KS governance within the Korean ODA administration

In other words, this could be reframed into an analysis of PA relationships between a high-level foreign policy-making community (presumed as ‘political’ principals) and a network of aid project operating bodies (presumed as ‘multiple’ agents). Within the Korean aid bureaucracy community, this analysis aims to identify how political principals control the agents and, in return, how the agents react to the given situation of opportunities and constraints. Prior to the linkage analyses, key institutional settings of the Korean aid regime in terms of public opinion, ODA management structure, and national laws will be scrutinized.
3.1 Methodology and data

This research conducted content analysis and interviews. Content analysis was largely conducted on a wide range of public data: ODA-related laws, relevant regulations, white papers, official documents and policy papers of national aid ministries and agencies. Interviews were exceptionally useful to get access to non-public data on the inter-organizational communication and policy dialogues within the Korean aid administration. I visited organizations for in-person interviews and made enquiries on data via email or telephone. Interviewees included personnel from aid-related ministries (Ministry of Foreign Affairs (MOFA), Ministry of Strategy and Finance (MOSF)), and aid agencies (Korea International Cooperation Agency (KOICA) and Economic Development Cooperation Fund (EDCF) of the Korea Eximbank). Other interview groups were from the academia, civil society groups, and international aid agencies.

4 Overview of Korean ODA and aid regime

4.1 Characteristics of Korean ODA

For five years from 2008 to 2012, South Korea topped DAC member donors in terms of the most rapid growth rate in annual ODA disbursements (OECD/DAC 2012; see Figure 4). Although South Korea’s overall volume of ODA still remains relatively small (US$1.3 billion)—the average ODA contribution for DAC member countries accounts for US$45.6 billion in 2011—its performance in annual aid growth (17.4 per cent from 2009 to 2012) is an impressive one in DAC history (e.g. Demark, 24.8 per cent from 1960 to 1963; New Zealand, 19.1 per cent from 1973 to 1976).

Figure 4: Korean ODA growth (1988–2013)

South Korea’s grant ratio (58.1 per cent, 2011) is relatively low considering the DAC average (88.6 per cent in 2011). The annual untied aid ratios of Korea are slowly improving but stay at a higher level (51.1 per cent, 2011) in a comparative sense. More than half of the overall Korean ODA (68.4 per cent, 2011) is Asia-destined (in particular, Southeast Asia). The major sectoral orientation of the Korean ODA is economic infrastructure-building (36.8 per cent, 2011) and this is in sharp
contrast with other DAC countries whose sectoral focuses are largely social infrastructure-building and humanitarian support (Figure 5; Table 2).

Figure 5: Korean ODA allocation by (a) income and (b) region (average, 2010–11)

(a)

![Pie chart showing Korean ODA allocation by income category: Least developed countries 35%, Upper middle-income countries 12%, Lower middle-income countries 40%, Other low-income countries 1%, Unallocated 12%.]

(b)

![Pie chart showing Korean ODA allocation by region: South and Central Asia 27%, Sub-Saharan Africa 14%, Other Asia and Oceania 34%, Middle East and North Africa 6%, Latin America and Caribbean 7%, Europe 3%, Unspecified 9%.]

Source: Adapted from OECD/DAC (2012).

Table 2: Top recipients of Korean ODA (2011)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Concessional loans</th>
<th>Grants</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Vietnam (109.4)</td>
<td>Mongolia (32.6)</td>
<td>Vietnam (139.5)</td>
</tr>
<tr>
<td>2</td>
<td>Bangladesh (70.8)</td>
<td>Vietnam (30.1)</td>
<td>Bangladesh (100.9)</td>
</tr>
<tr>
<td>3</td>
<td>Cambodia (39.1)</td>
<td>Afghanistan (28.0)</td>
<td>Cambodia (67.2)</td>
</tr>
<tr>
<td>4</td>
<td>Sri Lanka (31.9)</td>
<td>Philippines (25.8)</td>
<td>Sri Lanka (57.7)</td>
</tr>
<tr>
<td>5</td>
<td>Jordan (26.9)</td>
<td>Cambodia (23.1)</td>
<td>Philippines (50.0)</td>
</tr>
</tbody>
</table>

Note: Figures in US$ millions.
Source: Author’s computation based on ODA Statistics (EDCF 2014—).
4.2 Domestic discourse on international development co-operation: Gradually learning but still passive public and civil society

As of 2013, each Korean citizen annually contributes more than US$30 to the global development in the form of ODA. Although the Korean citizens are increasingly aware of the state’s ODA activities and bilateral aid agencies via the media and the cyberspace, the level of public awareness and public involvement is still far lower than the OECD standards (OECD/DAC 2008, 2012). This might be the relatively short history of aid-giving in Korea that started earlier but became significant only in the late 1980s. However, it is also closely related to the peculiar South Korean socio-political traditions of the state and society relationship—‘strong state and weak society’. In the historical process of late industrialization the Korean public was often depicted as the passive actor under the shadow of authoritarian elite-led state developmentalism, and the repressive control of the state was justified in the name of keen diplomatic competition with North Korea and post-Korean War economic reconstruction (Kim 2000).

As Korea’s state–society relation gradually transformed at the critical junctures of democratization and reforms, public attention and reaction to state decision/action, in particular, in the foreign policy area become more visible in Korea. An example is the sharply divided, vibrant public debate over the unprecedented scale of Korean government’s humanitarian aid to the north since the mid-1990s. Although South Korea’s food and energy assistance to the Democratic People’s Republic of Korea is not counted as ODA due to the constitutional matter, the North Korea-bound aid and resulting public controversy partially invite public interest in the issues of global development co-operation and Korean ODA activities.

According to a 2011 survey, 52 per cent of respondents say they are aware of the Korean ODA provision (Korea Institute for International Economic Policy (KIEP) 2012). In rough terms, Korea received US$12.8 billion for five decades in the aftermath of the Korean War. Payback for what Korea received in the past was the strongest rationale for the early years of Korean aid-giving in the 1990s and 2000s (Kim 2011).

In recent years, the mentality of ‘repaying the historical debts’ has become a relatively weaker motivation in public perception. Rather, global peace and prosperity (28.2 per cent), global citizenship (25.2 per cent), and national interests (20.1 per cent) are top-listed above the repaying rationale (13.4 per cent) according to public surveys (KIEP 2012). To some significant extent, the concept of national interest and mutual benefit in facilitating foreign aid is embedded in the Korean public. There are also worrying voices of the public about the fast ODA expansion, saying Korea might not be rich enough to provide aid overseas.

4.3 Korean aid administration: its dualistic structure and making of its legal framework

OECD (2009) published a report on different practices and structures of aid administrations in DAC member countries. According to an introduced categorization of the report, South Korea’s aid system is likely to fall into the category of model 3 (Figure 6) where MOFA performs much of aid policy-making and its subordinate agencies operationalize development aid.

In reality, each model might have its own variations in policy-making and operationalizing foreign aid programmes. Also, these aid management models imply different PA linkages and structures where the incentive systems and agency problems of the respective aid administration and aid agency may not be identical.

Beyond the generalized models, South Korea’s structural peculiarity is that there are two ministries largely in charge of inter-ministerial co-ordination. The two managers of aid-giving delegation,
MOFA and MOSF, have their own line of aid agencies. This dualistic structure is likely accountable for a high level of fragmentation within the aid administration. Korean aid is delivered in a most fragmented way among DAC members in that aid resources are most thinly spread out largely in very small projects across 79 countries (OECD/DAC 2012). The average size of Korea’s projects is US$1 million for grants and US$30 million for loans according to the OECD/DAC (2012) peer review. As of 2011, over 32 ministries, agencies, and local governments involved ODA activities, carrying out 1073 projects (OECD/DAC 2012; see also ODA Watch 2012).

Figure 6: DAC donors’ aid administration structures: four models

<table>
<thead>
<tr>
<th>Model 1: Integrated within the Ministry of Foreign Affairs (MOFA, Denmark, Norway)</th>
<th>Model 2: Development Co-operation Department/Agency within the Ministry of Foreign Affairs (MOFA, Finland, Ireland, Italy, Netherlands, etc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa Department</td>
<td>Asia Department</td>
</tr>
<tr>
<td>• Foreign policy</td>
<td>• Foreign policy</td>
</tr>
<tr>
<td>• Other</td>
<td>• Other</td>
</tr>
<tr>
<td>• Development Co-operation</td>
<td>• Development</td>
</tr>
<tr>
<td>Model 3: Policy Ministry with separate implementing agency(ies) (Belgium, France, Germany, United States, etc.)</td>
<td>Model 4: Ministry/Agency responsible for policy and implementation (Australia, Canada, UK, Japan) other than Ministry of Foreign Affairs</td>
</tr>
<tr>
<td>• Ministry of Foreign Affairs</td>
<td>• Ministry/Agency for Development Co-operation</td>
</tr>
<tr>
<td>• Implementing Agency(ies)</td>
<td></td>
</tr>
</tbody>
</table>


As previously described, Korea’s bilateral ODA activities are co-ordinated by and heavily concentrated on two ministries (a combined 88 per cent of total ODA administered by MOFA and MOSF in 2011; implemented by EDCF (41.8 per cent) and KOICA (40.8 per cent)). While MOFA–KOICA and MOSF–EDCF–KDI (Korea Development Institute) operationalize grants and loans, respectively, other ministries and other small-sized aid agencies involve grant and technical assistance projects.

A budget distributor in the Korean ODA system is the Budget Office of MOSF. Another unit of MOSF is also responsible for loan-based aid policy-making and overseeing its subordinating agencies. MOSF’s line agency, EDCF, is responsible for collecting and managing ODA statistics. However, MOFA largely influences grant aid policy affairs but has a limited leverage over aid budgeting and planning (OECD/DAC 2012). MOFA, on the other hand, performs as a focal point between ODA-requesting foreign governments and the Korean government through its embassies.

4.4 Legal framework: Absence of unified objectives and strategies of ODA policy

As an important institution that clarifies overall ODA objectives and allocates tasks for each aid organization, Korean ODA laws may provide explanatory evidence for the peculiar features of the Korean aid administration.

The Framework Act on International Development Cooperation (the Korean ODA Act) was enacted in 2009 and later revised in 2011 and 2013. However, the law still displays lack of important details, champions a state-centric understanding of ODA, and allows the significant presidential leverage over annual aid allocation and mid-term strategy-building. The Korean ODA Act embraces two hardly compatible objectives of economic co-operation and global responsibility altogether. The loan and grant communities respectively champion each of these mutually
exclusive ODA pillars. Also, the ODA Act establishes a co-ordinating body across the aid system, named the Committee for International Development Cooperation (CIDC), which is given limited authority and capacity to exercise its mandate (OECD/DAC 2012).

Considering the nature and content of Korean ODA objectives stipulated in the Act, the legal mechanism of how aid tasks are allocated to multiple aid agencies appears too vague to function. Nonetheless, what is distinctive is a simple loan–grant division that works in between two major aid coalitions to some extent. However, when it comes to technical co-operation, including KS, this type of ODA activity is widely open to existing/prospective aid agencies for competition.

This loose division-of-labour clause has been a source for controversies among ministries and aid agencies. Although technical assistance is largely categorized as grant in foreign cases, some inspired organizations attempt to launch technical assistance projects based on their interpretation that technical co-operation is a third type of ODA that is neither grants nor loans, thereby no legal restrictions and requirements are applied—according to interviews, news articles, and official releases from MOSF and the National Assembly.

Other subordinate laws specify tasks for key aid agencies such as EDCF, KDI, and KOICA under the supervision of their managerial ministries. However, they are not as such restricted in expanding the thematic coverage at their wide discretion. What makes the system more proliferating with a number of governmental agencies is that, unlike other DAC member cases, the Korean laws on ODA do not put any limit on the number and qualification of prospective aid-managing agencies.

However, considering the timing of the ODA law enactment, the ODA Act and its subordinates are interpretable as being symbolic to the domestic and international public. Also, one of the strongest rationales behind the sudden introduction of the legal framework might be that these legal bases were built as an essential element of the multi-year government plan for South Korea’s entry to the DAC—to gain international recognition as a successful aid model and an influential economy. Although the ODA legal framework is still evolving slowly, the widely recognized problems of missing integrative objectives, insufficient co-ordination, and fragmentation remain intact.

5 Rise of knowledge-based aid among Korean aid agencies

5.1 Proliferation of knowledge aid

With Korea’s 2010 entry to the OECD/DAC making a significant impact on the global understanding of Korea’s economic and political status, the notion of sharing Korea’s success story gains greater importance in the domestic ODA policy arena. This Korea-modelled KS is widely recognized as a unique comparative advantage and a blue ocean within the Korean government.

In the sphere of knowledge aid, two line agencies of MOSF and MOFA—KDI and KOICA—are the most visible practitioners. Their knowledge transfer projects are competitively mobilized and branded ‘Knowledge Sharing Program (KSP, initiated in 2004)’ and ‘Development Experience Exchange Partnership (DEEP, initiated in 2012)’, respectively. In recent years, the PMO, Ministry
of Public Administration and Security, the Rural Development Administration, and local governments have also launched similar projects in the promotion of the Saemaul value.\(^2\)

### 5.2 A typology of the Korean knowledge sources: KSP, DEEP, and Saemaul ODA

A variety of knowledge-based activities organized in the Korean ODA system can be categorized into three distinctive modules:\(^3\) KSP, DEEP, and Saemaul ODA.

In a comparative sense, while KSP is a KDI-organized, free-standing technical co-operation programme that provides public policy consultancy to foreign government officials, DEEP appears as a new categorization (as a cross-cutting development theme) in that KOICA identifies its KS practice and repacks it as DEEP. Saemaul ODA is agriculture- and development-focused and is designed to share ingredients of Korea’s successful rural development model in the 1970s with local rural communities in underdeveloped countries.

**KSP**

KSP has shown a systematic expansion from 2004 to 2013. As a public policy-oriented technical co-operation, its budget has increased 20 times; 33 countries are involved, and 440 development topics are covered by KSP projects as of 2013 (see MOSF 2012–). This programme mainly intends to advise partner governments on the areas of state development policy and to provide capacity-building training seminars and workshops to high-ranking governmental officials of partner countries. KSP is based on three activities: (1) the systemization and modularization of Korea’s development, (2) bilateral policy consultation through KS, and (3) joint consulting with international organizations (KDI and WBI 2011; Lim 2014; see Tables 3 and 4).

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth rate (%)</td>
<td>—</td>
<td>—</td>
<td>—24.2</td>
<td>47.7</td>
<td>52.2</td>
<td>124.1</td>
<td>95.9</td>
<td>45.6</td>
<td>79.4</td>
<td>33.9</td>
</tr>
<tr>
<td>Partner country (no.)</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>5</td>
<td>8</td>
<td>11</td>
<td>17</td>
<td>26</td>
<td>33</td>
<td>—</td>
</tr>
</tbody>
</table>

Note: All budget figures converted to US$ at the exchange rate of KRW 1000 = US$0.97.

Source: MOSF (2014).

<table>
<thead>
<tr>
<th>No. of participating countries</th>
<th>Asia</th>
<th>Middle East</th>
<th>Africa</th>
<th>South America</th>
<th>Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Themes (no. of projects; multiple-counted)</td>
<td>Economic development and growth (50), Industrial organization (48), Macro-economics and financial economics (44), Agriculture, environment and resources (28), International economics (27), Public, health, and welfare economics (23), Labour and education (20), Urban, rural, and regional economics (18), etc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Kim and Tcha (2012); Knowledge Sharing Program (2003–).

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\(^2\) The Saemaul value is further explained in Section 5.2.

\(^3\) This categorization is suggested by the author for the purpose of this study. This is neither officially recognized nor studied by the Korean government and relevant organizations at the time of writing and publication.
For the KSP’s bilateral operations, as Korean representatives, former or incumbent high-level policy makers, experts, and business leaders are invited and join the processes of KSP. This allows KSP to function as a platform to promote a peer-to-peer learning between two counterparts from Korea and partner governments. Also, the presence of the private sector in the inter-governmental dialogue is considered crucial and KSP intends to encourage vertical interactions between a partner government and local interest groups including concerned businesses, scholars, and experts.

KSP shows some degree of Asia-bias in terms of project destination and also includes high-income countries in the Middle East as partners (UAE, Saudi Arabia, and Kuwait). The projects are mobilized on an annual basis. Thematically, prominent issues are export promotion, finance-related institutionalization, and capacity-building for governmental officials in foreign governments.

Due to the involvement of high-ranking government officials and high-profile business figures, KSP enjoys greater publicity in the media than other aid activities and is often coincided with diplomatic events. According to the interviews with KDI staff, KSP is expected to trigger other larger-scale development loan projects (e.g. an export–import bank construction project of EDCF).

**DEEP**

DEEP could be seen as a counteraction of KOICA against the fast-growing KSP. But it does not refer to a newly introduced aid project theme in operation. It represents reorganization/rename of KOICA’s existing projects in a bid to emphasize its hitherto contribution that could have been equivalent to what KS practice looks like. It includes a number of projects that previously supported economic and social development of partner countries by channelling technology and knowledge in forms of policy consultation and development research projects. KOICA identifies mainly four types of knowledge projects: (i) policy and technical consultation, (ii) institutional-building, (iii) infrastructure-related technical co-operation, and (iv) human capacity-building (KOICA 2013). However, these KOICA’s definitions and categorization of the knowledge dimension are not fully acknowledged within the Korean aid administration and even not yet in MOFA (Table 5).

| Table 5: Retrospective application of the DEEP category on completed KOICA projects (2003–12) |
|---------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|
| KOICA overall budget | 147 | 203 | 215 | 184 | 251 | 305 | 355 | 524 | 451 | 497 |
| DEEP budget | 2.7 | 6.1 | 6.2 | 5.9 | 7.6 | 19.2 | 12.3 | 21.5 | 14.8 | 27.2 |
| DEEP share | 1.8 | 3.0 | 2.8 | 3.2 | 3.0 | 6.3 | 3.4 | 4.1 | 3.2 | 5.4 |
| No. of projects | 2 | 11 | 5 | 7 | 17 | 12 | 8 | 14 | 17 | 12 |

Note: All budget figures in KRW billion.

From 2008 to 2012, an estimated 63 projects are identified as DEEP, accounting for 4.5 per cent of KOICA’s overall budget. Geographically, DEEP projects are concentrated in the Asia Pacific region (62.7 per cent) and major partner countries are Indonesia, Vietnam, Cambodia, Azerbaijan, and the Philippines. Major thematic areas are industrial energy (57.2 per cent), public administration (14.8 per cent), and education (10 per cent). Many DEEP projects were organized as preliminary research activities (e.g. feasibility study) in connection with industrial infrastructure projects such roads, dams, and energy plants.
DEEP was officially introduced in 2012 during the time that KOICA revisited the importance of technical co-operation for institutional/human resources capacity development. However, in contrast with its official statement of ‘sharing Korean experience’ and the way that the name appeals, there appears to be limited clues about how KOICA defines and conceptualizes a Korean way of social development. This missing discourse on the essence of the successful Korean experience in the DEEP policy-making and operational process might shed light on its future assignment. Those efforts would create synergy effects together with KOICA’s comparative advantages such as accumulated local expertise and human networks in a number of aid partner countries.

Saemaul ODA

Saemaul ODA is implemented in a most fragmented, duplicated way by a wide range of central and local governmental organizations. The Korean term Saemaul stems from a historical Korean government-led campaign named Saemaul Undong (translated ‘new village movement’). As the authoritarian Park Chung Hee regime promoted nation-wide rural development plans throughout the 1970s, this movement was credited for the rapidly increased rural income and agricultural productivity.

In fact, the historical Saemaul Undong generated sharply divided interpretations internationally and domestically (Moore 1984). A negative image of political mobilization of the authoritarian regime was widely spread in Korean society throughout the 1980 and 1990s. With the publication of the World Bank (1993) report that highlighted the state’s distinctive role in supplying East Asian late-industrialization, the Korean government and society began to re-evaluate the historical event. Since then, there have been growing efforts to capitalize on the positive lessons of the Saemaul Undong as a unique ingredient of Korean ODA since the 2000s. The ‘globalization of Saemaul Undong’ became one of the top agendas of the ODA Strategic Plan (PMO 2012) and the Saemaul ODA task force was established in 2013.

Major players are identified as follows: Korea Saemaulundong Center (KSC) in association with Ministry of Security and Public Administration (MOSPA), Rural Development Administration (RDA), Ministry of Agriculture, Food and Rural Affairs (MAFRA), and Gyeongsangbuk-Do Provincial Government. The most preferred project type among agencies appears to be the invitation of trainees. To some significant extent, KOICA appears to be a key promoter of Saemaul ODA as well, and allocated more than US$50 million (except in agriculture, infrastructure-building projects) from 2011 to 2015. Also, as part of KS, KOICA has invited community leaders from 131 countries for short-term training (Table 6).

More recently, the Park Geun Hae regime’s announcement to double the Saemaul ODA budget by 2014 (KRW 26.2 billion) signifies that opportunities and financial support for Saemaul ODA implementers are likely to stay high. However, the current upward trend of this particular KS module seems disturbing. First, there are few inter-agency co-ordination and monitoring mechanisms in place. Second, insufficient institutional capacity and human resources of the aid agencies are referred to as perennial issues. At the working level, inadequate English communication between implementing agencies and foreign governments is often a concern as well (Lim and Lim 2013).

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4 In relation to the duplication and fragmentation of Saemaul ODA, the data availability on relevant activities is extremely low in the public in terms of factors including budget scale, project details, and evaluation mechanisms and outcomes.
Table 6: A fragmented picture* of the Saemaul ODA implementation

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume (KRW million)</th>
<th>Activity</th>
<th>Major partner country</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009–10</td>
<td>1890</td>
<td>Village development, in-donor training for local leadership, volunteer</td>
<td>Laos, Mongolia, Nepal, Cambodia,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>dispatch, etc.</td>
<td>Myanmar, Democratic Republic of Congo,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Agricultural development consultation, multilateral cooperation projects,</td>
<td>Uganda</td>
</tr>
<tr>
<td></td>
<td>2007–10</td>
<td>Invitation of leaders and technician for short-term training, agricultural technical advice, etc.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1110</td>
<td>Village development projects, trainee invitation, volunteer dispatch, etc.</td>
<td></td>
</tr>
<tr>
<td>2009–10</td>
<td>7806</td>
<td>Village development projects, trainee invitation, volunteer dispatch, etc.</td>
<td></td>
</tr>
<tr>
<td>2007–10</td>
<td>2570</td>
<td>Village development projects, trainee invitation, volunteer dispatch, etc.</td>
<td></td>
</tr>
</tbody>
</table>

Note: *Limited to technical co-operation on agricultural development and excluding infrastructure-building projects.

Source: Committee for International Development Cooperation (CIDC 2010), cross-checked through multiple websites.

Although the Korean experience-based aid still consists of roughly 5 per cent (in 2012) of the overall Korean development aid (compared to an average 10 per cent for DAC member states’ KS practices), these aids are drastically expanding and restructuring the behaviours and strategies of the aid policy makers and practitioners.

Overall, the Korean KS practices are based on no consensual definitions of the Korean success model at the policy-making and policy implementation levels. Rather, each module heavily depends on personal accounts (of those who are involved in knowledge projects as consultants or advisors, utilizing their past experiences in the government or the private sector) and accompanies insufficient efforts to systemize and digitalize the historical knowledge. More importantly, considering the particular knowledge on Korea’s aid-receiving experience, a relevant discourse and research activities are largely absent.

6 Analysis

This section analyses the institutionalized relationships among aid bureaucracy organizations. Both, procedural and informal interactions (or negotiations) among KS-involved organizational actors, are captured. More importantly, those interconnected vertical linkages between high-policy-making bodies and aid-implementing agencies are assumed to present key evidence in understanding a rationale and a mechanism behind KS promotion within the administration.

In fact, a PA linkage analysis is conducted against a holistic understanding of a donor’s bilateral aid regime. This could be problematic since it largely dismisses the organizational contextuality of aid management. In addition, previous studies on the South Korea case (in particular, Choi and

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5 There is no official categorization for the Korean KS (knowledge sharing) ODA in the national or international statistics platforms. The figures have been roughly calculated using statistics available from KDI (KSP), KOICA (DEEP and Saemaul ODA), MOSF (KSP), and OECD/DAC (2012) peer review report.
Kim 2014; see also Kalinowski and Cho 2012; Watson 2011) tend to exclusively highlight an influential role of political leadership, such as the head of government, over a state policy transition and policy development as a key explanatory factor. The particular role of state bureaucracy and quasi-government organizations in the aid policy field is largely neglected from such a perspective. As a majority of the existing studies on Korean aid policies and the Korean regime conclude, it might have been the political leadership that strategically promoted ODA and the KS initiative in order to achieve national imperatives. Such top-down momentum for ODA expansion includes the broadening of economic/diplomatic partnerships with resource-rich countries and raising national prestige on the international stage. However, this dominant view is not fully supported from the data in this analysis.

But then, what else explains South Korea’s rising preoccupation with KS? One of the conclusions from the following analysis is that this phenomenon might be a product of South Korea’s nascent institutional settings of the aid administration. The president and ODA-managing ministries are not the strongest stakeholders of ODA policy in Korea. No consensual overall objectives and obscure task allocation allow aid agencies to unilaterally reinterpret their mandates and to strategically promote the knowledge dimension in order to increase their own indispensability and autonomy.

In a wider sense, this study argues that this state-led entrepreneurship in the contemporary development co-operation policy field appears to be in a state of reactively driven developmentalism: the state aid community (or the state aid policy networks) is largely incentivized to chase international standards and to replicate global aid models mainly to gain international prominence. What the KS case implies is that bureaucratic incentives remain fundamentally weak in finding a common philosophy of the Korean aid regime and in systemizing the Korean developmental knowledge as the key ingredient of KS projects at current institutional settings.

6.1 President and the National Assembly

Traditionally, the presidency in South Korea has a highly distinctive, penetrating leverage over both domestic and international policy areas (Hahm and Choi 2009; Hahm and Plein 1995). The concentration of power on the president is often argued to be a negative factor for the development of other institutions such as legislature, political parties, and domestic interest groups.

During the Cold War period, South Korea’s foreign policy was centred on national security due to the lingering inter-Korean military tension (between South Korea (Republic of Korea) and North Korea (Democratic People’s Republic of Korea, DPRK)) after the Korean War. Since the collapse of the Soviet power and the United Nation’s official recognition of the two Koreas in the early 1990s, South Korean foreign policy shifted to address more of the issues of globalization and to expand its economic co-operation with other developing countries. The more foreign affairs issues were broadened and diplomatic methods/channels were diversified (e.g. hard and soft diplomacy), the more technical issues, as opposed to high profile/traditional foreign affairs agendas, began to be largely managed by state bureaucracies (Lee 2009).

To a certain degree, foreign policy decisions reflect the political orientation and belief of the president in Korea (Lee 2009). For example, South Korean humanitarian food and energy
assistance to the North has been one of the most controversial, inconsistent policy areas where such great shifts were made at times of regime change.

If that is the case, how and to what extent does the presidential orientation affect ODA policy? A comparative analysis of two previous regimes (the Roh Moo-hyun (2003–08) and Lee Myung-bak (2008–13) administrations) suggests that, despite the acute shift of the political position and policy stances between the two leaderships, the gist of ODA strategic directions and approaches under the two administrations is not that fundamentally different. This consistency is demonstrated throughout the two presidential periods in terms of close alignment of ODA allocation with trade/investment policy, promotion of national prestige, and conformist approach to international norms and consensuses. Furthermore, the two consecutive governments equally supported the two pillars of Korean aid-giving: ‘global responsibility’ and ‘economic co-operation’ (Jerve and Selbervik 2009; see Table 7).

Table 7: ODA policy by political regime: global responsibility and economic co-operation

<table>
<thead>
<tr>
<th>Presidency</th>
<th>Roh Moo-hyun</th>
<th>Lee Myung-bak</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Term</strong></td>
<td>2003–08</td>
<td>2008–13</td>
</tr>
<tr>
<td><strong>Political orientation and government agenda</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Progressive</td>
<td></td>
<td>Conservative</td>
</tr>
<tr>
<td>Participatory government (regulatory, inwards, anti-corruption)</td>
<td></td>
<td>Practical government (deregulatory, outwards, pro-business)</td>
</tr>
<tr>
<td><strong>International policy framework</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peace and prosperity policy</td>
<td></td>
<td>Globalist approach promoted by the Presidential Council on Nation Branding (PCNB, 2009)</td>
</tr>
<tr>
<td>Regional balancing power</td>
<td></td>
<td>Green growth</td>
</tr>
<tr>
<td>Trade and foreign direct investment promotion</td>
<td></td>
<td>Upgraded energy/resource diplomacy (c.f. nuclear power plant export)</td>
</tr>
<tr>
<td>Resource diplomacy (c.f. oil self-sufficiency)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Global steps</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Massive humanitarian aid to North Korea</td>
<td></td>
<td>Seoul Development Consensus at G20 summit (2010)</td>
</tr>
<tr>
<td><strong>ODA policy and initiatives</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006 Africa development initiative (triple aid volume to Africa and emphasize development experience sharing)</td>
<td></td>
<td>Korea ODA advancement strategy (e.g. Saemaul ODA, KSP)</td>
</tr>
<tr>
<td>Millennium Development Goals promotion</td>
<td></td>
<td>Korean model of ODA</td>
</tr>
<tr>
<td>ODA Mid-term Strategy (set a target ODA/GNI 0.25% by 2015)</td>
<td></td>
<td>Green ODA initiative (in line with East Asia Climate Change Partnership)</td>
</tr>
<tr>
<td><strong>ODA legislation and system</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Source:</strong> Author’s compilation from various sources (governmental official website, reports, and academic papers).</td>
<td></td>
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</tbody>
</table>

According to the OECD data, in terms of grant ratio, geographical allocation patterns, and annual aid growth rate, they appear to be close to consistent. In contrast, the degree of government’s

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6 As mentioned, humanitarian aid to North Korea is not officially recorded as ODA due to constitutional matters and all relevant foreign arrangements between the two Koreas are operationalized exclusively by the Ministry of Unification.
openness towards domestic NGOs at the policy-making and operational levels is considered slightly divergent. This is the area where South Korea takes a regressive step even after joining the DAC. That being said, the gap in this area is not significant and the average level of NGO support ratio throughout the two regimes stays far lower than that of the DAC average (Table 8).

Table 8: ODA performance comparison (by political regime)

<table>
<thead>
<tr>
<th></th>
<th>Roh Moo-hyun administration</th>
<th>Lee Myung-bak administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>ODA/GNI (%) (averaged)</td>
<td>0.068</td>
<td>0.114</td>
</tr>
<tr>
<td>Year</td>
<td>2003 2004 2005 2006 2007</td>
<td>2008 2009 2010 2011 2012</td>
</tr>
<tr>
<td>Grant ratio (%) bilateral only</td>
<td>59.3 64.1 68.6 68.8 73.0</td>
<td>68.3 63.1 63.7 58.1 60.4</td>
</tr>
<tr>
<td>CPA ratio (%)</td>
<td>93.9 90.1 88.3 82.0 87.2</td>
<td>80.5 85.5 90.8 88.0 86.6</td>
</tr>
<tr>
<td>Tied aid</td>
<td>80.5 80.8 81.3 79.4 63.5</td>
<td>56.7 51.5 64.3 48.9 44.5</td>
</tr>
<tr>
<td>NGO support ratio (%)</td>
<td>1.82 0.41 0.50 1.12 0.91</td>
<td>1.04 0.90 0.05 0.02 0.05</td>
</tr>
<tr>
<td>HIPC* ratio (%)</td>
<td>11.7 11.8 5.1 5.6 7.9</td>
<td>10.0 9.6 16.3 10.4 18.3</td>
</tr>
</tbody>
</table>

Note: *A total of 39 highly indebted poor countries; CPA, country programmable aid.
Source: Author’s computation based on QWIDS (accessed 4 September 2014; OECD 2014a).

Inception and evolution of the KS initiative

The notion of utilizing Korea’s dual experience was officially incorporated into key aid policy agendas under the Roh administration. However, despite the growing governmental interest in KS activities, it remained marginal due to political and budgetary uncertainty with regard to the overall Korean ODA growth trajectory within the aid community.

Under the progressive Roh government, ODA policy started to gain some momentum to be systemized through the introduction of the Comprehensive ODA Plan and the Mid-term Strategy. In general, ODA policy appeared relatively neutral to President Roh’s political slogan: that is, emphasizing Korea’s self-reliance against its traditional alliance with the United States, and restructuring the Chaebol-favoured Korean economy. During this period, ODA was boosted mainly by non-systematic factors such as the occasional support for reconstruction in Iraq and Afghanistan (2005), the contributions to multilateral development banks (e.g. new subscriptions to the Inter-American Development Bank and the International Development Association) and the United Nations (2005), and Africa–Korea economic co-operation (2007) (OECD/DAC 2008).

In line with the earlier aid policy stance, the subsequent Lee government further fine-tuned its ODA policies and fulfilled targeted achievements such as the entry to OECD/DAC (2010) and the sponsorship of the Busan development agendas (2011). From the beginning of the Lee administration, ODA was mobilized to obtain an OECD/DAC brand power. The government’s vision and commitment to serve as a knowledge bridge between the global North and the global South were well publicized on high-profile global stages such as G20 and High Level Forums on Aid Effectiveness. In the Korea ODA Advancement Strategy, the promotion of Korean experience-based aid became a top-listed agenda.

Apart from the behind-the-scenes communication between the president and the cabinet members, the president often establishes presidential advisory committees, depending on specific issues that the committees are formed to address. These entities comprise state officials and non-governmental personnel. They are organized primarily for promoting or co-ordinating inter-ministerial policy dialogues. The Presidential Commission on Sustainable Development (2004), the Presidential Committee on Green Growth (2009), and the Presidential Council on National Branding (PCNB, 2009) are examples that work as high-level policy platforms in public policy areas.
In particular, the PCNB represents a strong pragmatism of the Lee government to enhance Korea’s national brand power and to position itself as a middle power. The PCNB—composed of 39 civilians and 12 ministries—is intended to harmonize governmental, private sector, and civil society endeavours of enhancing Korea’s global standing through multiple channels. KSP, peacekeeping operations, and World Friend Korea (the government-funded overseas volunteer programme) are notable examples of aid projects that are most benefited and promoted across the government (Choi and Kim 2014).

However, party politics is considered a minor factor to ODA policy shaping in Korea (Chang 2014)—despite the tendency in recent years for parliamentarians to grow increasingly interested in an annual ODA budget—now that the scale of the ODA budget can no longer be considered negligible (ODA/GNI: 0.13 per cent in 2013). Although the Foreign Affairs, Trade, and Unification Committee at the National Assembly is mandated to function as an ex post mechanism to monitor the bilateral ODA performance and to evaluate the appropriateness of ODA scale and the performance of aid agencies, the National Assembly is less likely to perform a vigilant role as a counter-mechanism against the aid administration. This is mainly due to the absence of committed/well-informed politicians and vibrant interest groups on issues of development cooperation (ODA Watch 2012).

In summary, the Korean presidency is becoming gradually aware of the importance of international development co-operation in the contemporary global environment. However, in light of the hitherto presidential interest in and strategies towards ODA, aid policies are understood as a new tool for addressing the perennial economic imperatives such as finding a sustainable economic engine overseas for an inherently export-dependent Korean economy. In particular, the KS initiative is useful for high-level political actors to publicize and justify the overseas expenditure to indifferent domestic electorates. However, except for the overall ODA volume and geographical allocation, most of the ODA agendas are rarely discussed at the presidential level at the expense of other key domestic/international issues.

6.2 Foreign Affairs and Finance ministries: Dual managers

As ODA policy is dubbed the policy of public indifference but that of policy elites (Otter 2003), state aid officials and agencies are often identified as the leading opinion formers and practitioners of global development initiatives in their own societies. This tendency is likely to be conspicuous in those countries that newly give foreign aid. South Korea is a case where the level of public and civil engagement in ODA intervention has slowly improved but remains far less vibrant compared to the West (Kim 2000; Lumsdaine and Schopf 2007). Although state aid bureaucrats are particularly considered to be the dominant development strategy builders and agenda setters in Korea, their policy discussions and debates are fairly poorly publicized and understudied.

As suggested in the historical literature on the developmental states in East Asia, state bureaucracy played a pivotal role in the process of the successful post-war reconstruction and industrialization in Japan and South Korea (Kohli 2004: Chapter 3). At the same time, unlike other developmental states in Latin America and Europe, East Asian bureaucracies are characterized by (i) a high level of bureaucratic autonomy, (ii) Confucian organizational disciplines and cultures, (iii) highly competitive recruitment systems, (iv) a prevailing sense of nationalism, and (v) selective communication with businesses (Amsden 1989; Evans 1995; Johnson 1999).

Even today, modern Korean state bureaucracy displays distinctive, non-Western characteristics: conformity to the presidential leadership, bureaucratic discretion, low substitutability of bureaucratic positions, and promotion-drive incentive systems (Hahm and Plein 1995; Im et al. 2013), and indeed these features are partially observable with aid-managing ministries.
ODA management in the early years of Korean aid-giving

MOFA and MOSF are the leading aid bureaucratic organizations. Their discretion over ODA policy-making is authorized by national laws and culturally accepted by the president and other related ministries. But in the very inceptive years of aid-giving the defunct Economic Planning Board—which had been independently empowered to design five-year national economic development plans from 1948 to 1994 (abolished later by the merger with the Ministry of Finance in 1994)—was the single planner, co-ordinator, and budgeting body for ODA affairs. Before the 1990s, other ministries such as the Ministry of Science and Technology, the Ministry of Labour, and the Ministry of Construction and Transport were also collective stakeholders in aid activities—mainly in the form of small-scale, short-term technical assistance on an ad-hoc basis. Importantly, the establishment of ODA-specialized agencies such as EDCF (1987) and KOICA (1991) crystallized the legitimacy of MOFA and MOSF to take the lead in the development policy sphere and eventually gave rise to a dualistic power structure (Kim and Seddon 2005).

However, in spite of their expanded mandates and authority over ODA since the 1990s, MOFA and MOSF have shown no particular effort to boost human resources allocated to the development of co-operation affairs or to cultivate aid specialists at the ministerial level. Compared with the international standards, the current deployed ministerial personnel in the relevant areas are assessed to be under-staffed and under-specialized (Kim 2012; Kim and Seddon 2005; OECD/DAC 2008). This is partially because development co-operation policy remains such a minor area of concern from the ministerial perspective: ODA issues are hardly attended to by the former ministers (see Table 9).

Table 9: Aid bureaucrats in major aid ministries and aid agencies in Korea

<table>
<thead>
<tr>
<th>Major aid ministries and aid agencies</th>
<th>Numbers of staff</th>
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<tbody>
<tr>
<td></td>
<td>2008</td>
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<tr>
<td>Staff working on development co-operation, Prime Minister’s Office</td>
<td>—</td>
</tr>
<tr>
<td>Development Cooperation Division, Ministry of Foreign Affairs (MOFA)</td>
<td>35</td>
</tr>
<tr>
<td>Development Cooperation Division, Ministry of Strategy and Finance (MOSF)</td>
<td>22</td>
</tr>
<tr>
<td>Korea International Cooperation Agency (KOICA)</td>
<td>213</td>
</tr>
<tr>
<td>Staff at headquarters</td>
<td>(171)</td>
</tr>
<tr>
<td>Staff at overseas offices</td>
<td>(42)</td>
</tr>
<tr>
<td>Economic Development Cooperation Fund (EDCF), Korea Eximbank</td>
<td>65</td>
</tr>
<tr>
<td>Staff at headquarters</td>
<td>(60)</td>
</tr>
<tr>
<td>Staff at overseas offices</td>
<td>(5)</td>
</tr>
<tr>
<td>Total</td>
<td>335</td>
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</table>


Bureaucratic rivalry between MOFA and MOSF

The analysis of the relationship between MOFA and MOSF—the two leading ministries—highlights how bureaucratic rivalry between economic and foreign affair officials (Lim 2010) might affect the incentive systems of subordinate agencies. As state intervention into the Korean political economy transformed against the backdrop of the changing domestic and international environments, the internal dynamics among state bureaucrats also changed. As South Korea’s

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7 In Korea, the official names of ministries are frequently changed at times of regime transition or administrative reform.
determination to win the diplomatic competition with North Korea significantly weakened in the post-Cold War period, the role of MOFA lost its crown as the most important and prioritized national policy issue. Specifically, once MOSF entered into the national ODA policy-making arena, it started to function as a balancing power to the foreign ministry (Kim 2012; Kim and Seddon 2005).

Whereas MOFA traditionally stresses the political and diplomatic objectives of aid-giving over humanitarian and economic goals and champions modalities of grant and technical co-operation, MOSF places its emphasis on positive functions of loans, referring to Korea’s own experience of effectively utilizing concessional loans for national economic growth between the 1970s and 1980s (Jerve and Selbervik 2009).

As previously discussed, the governmental sources of management, co-ordination, and supervision over knowledge aid are still contentious within the aid administration as long as these details are missing in ODA laws. From the perspective of the grant community, it is not convincing why the loan-managing MOSF should be involved in such technical assistance projects, which sits against its traditional capacity and given mandates. Despite such controversy, KSP represents a decade-long systematic effort of MOSF to substantiate and justify its knowledge operations. Recently, MOFA released a grand plan to mobilize a counterpart project in association with KOICA and other research institutes (see Table 10; MOFA 2014).

Table 10: Grant and loan annual ratios from 1978 to 2012

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<tbody>
<tr>
<td>Bilateral ODA*</td>
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<tr>
<td>Grants (share)</td>
<td>23.5</td>
<td>34</td>
<td>33.8</td>
<td>61.1</td>
<td>57.4</td>
<td>76.8</td>
<td>111.5</td>
<td>140.2</td>
<td>115.9</td>
<td>159.1</td>
<td>185.6</td>
<td>182.7</td>
<td>317.4</td>
</tr>
<tr>
<td>Loans (share)</td>
<td>0</td>
<td>0</td>
<td>68.8</td>
<td>85.3</td>
<td>74.2</td>
<td>78.7</td>
<td>61.5</td>
<td>87.8</td>
<td>75.5</td>
<td>56.1</td>
<td>64.3</td>
<td>54.2</td>
<td>74.4</td>
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<tr>
<td>Grants (share)</td>
<td>63.8</td>
<td>56.0</td>
<td>54.5</td>
<td>77.3</td>
<td>74.3</td>
<td>81.6</td>
<td>81.4</td>
<td>81.0</td>
<td>78.7</td>
<td>73.8</td>
<td>72.2</td>
<td>68.7</td>
<td>70.7</td>
</tr>
<tr>
<td>Loans (share)</td>
<td>44.3</td>
<td>53.1</td>
<td>54.5</td>
<td>31.0</td>
<td>32.1</td>
<td>21.9</td>
<td>31.3</td>
<td>24.0</td>
<td>26.2</td>
<td>30.5</td>
<td>30.6</td>
<td>34.7</td>
<td>32.4</td>
</tr>
</tbody>
</table>

Note: *All current prices in US$ millions.

Source: Author’s computation based on QWIDS (accessed 31 August 2014; OECD 2014a).

What is new to the bureaucratic power landscape is the recent change made to the administrative procedures of ODA planning and budgeting. This shift allows MOSF to exercise a veto power against the decisions of the CIDC and the Inter-Agency Grants Committee. In some cases, the Budget Office approved operations in the absence of due process of cross-ministerial consultation. As a result, the augmented intervention of the Budget Office of MOSF is likely to make the ODA approval process less predictable (OECD/DAC 2012; see Figure 7).
To recap on the peculiar political climate at the highest policy-making level, both the president and the ministerial bureaucracies have been the drivers for overall increases in ODA and the changing patterns of grant–loan ratio. However, the ODA policy field is yet to be fully recognized by these parties as an independently and strategically important policy area. In Korea, the concept of development co-operation itself sounds unfamiliar not only to the public but also to the political leadership and ministers. Nonetheless, Korea’s increasing visibility in the global aid community in recent years might be driven by political opportunism of high-level policy makers.

Given the context, a technical and informational role of aid agencies becomes important in shaping the long-term development trajectory of ODA policy. Reflecting on the uninterrupted growth of the knowledge dimension even at times of regime change, this may be considered to be a result of the collective interest and accumulated discourses on the KS approach among aid agencies.

6.3 Aid-implementing agencies: Organizational uncertainty and traditions

The Korean aid administration sits in a structure where ministries delegate aid delivery to their subordinate agencies. Those aid agencies are not technically part of ministries, but quasi-governmental organizations. In general, Korean aid agencies are prone to be highly vulnerable to budgetary pressure and governmental reform/restructuring. The political/budgetary vulnerability is closely linked to the ensuing heavy dependency on temporary, inexpensive employment of aid agencies. According to the OECD/DAC (2012) peer review, a majority of the staff at Korean aid agencies are paid roughly two-thirds or three-quarters of standard international/domestic pay rates.\(^8\)

Also, while KOICA experienced a double scale-up of its programmable budget between 2005 and 2012, the number of KOICA staff remained unresponsive. Such budgetary issues restrict the recruitment and retention of development personnel at aid agencies. As the political/budgetary uncertainty increases, these aid organizations might have strong incentives to increase their own indispensability either by covering as many areas of development operations as possible or by specializing in certain ODA sectors.

Nonetheless, individual aid agencies may interpret the mood differently and demonstrate different strategic reactions. The KDI, in fact, has performed as a national economic policy advisory research organization since 1971. Besides its traditional, primary mandate, since its first launch of

\(^8\) Among 250 Korean government agencies, KOICA employment is paid 70 per cent of the average pay rate.
the International Development Exchange Program in 1982, KDI has also gradually expanded its newly assigned KS mandate and set up a specialized unit for knowledge projects (i.e. Center of International Development) in 2010. However, its main mandate remains national economic research, leaving its ODA operations peripheral.

KOICA was established in 1991 as a special agency that is fully committed to non-lending ODA operations. Traditionally, KOICA was a development agency whose operations were heavily based on the person-to-person approach. Although KOICA has increased its commitment to social infrastructure-building (e.g. schools and hospitals) since 2000, its traditional operations are still carried out through expert dispatch, overseas volunteer programmes, invitation of trainees to South Korea (Figure 8).

Figure 8: Organizational orientation in transition: aid modality of KOICA (1991–2012)

Note: *Including medical and Korean martial arts experts.
Source: Author’s computation based on the KOICA Statistics System (see KOICA 2014--).

While Korean KS ODA becomes a highly prioritized organizational agenda for most of aid agencies regardless of their existing specialization, KOICA and KDI show quite different strategic steps.

KDI traditionally has close working relationships with the MOSF and other ministries. Since the inception of KSP in 2004, KDI has experienced drastic budget increases and its operations appear to be highly aligned with the directives of MOSF. On the other hand, KOICA is a distinctive case in that its motivation for knowledge aid promotion might be funnelled neither from the foreign ministry nor by national laws. Rather, KOICA seems to aspire to increase public awareness and to envision its independent status. Likewise, KOICA often refers to the case of the Japanese International Cooperation Agency, which transformed into an umbrella aid organization with a high level of autonomy after the 2008 reform. As a result, this organizational impulse might generate political tensions between KOICA and MOFA.

No common informational and operational platforms among aid agencies

In relation to the political dynamics at the horizontal level among aid agencies, the mechanism and the degree of inter-agency co-ordination and exchange of information are the important elements

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9 Allocated personnel accounts for roughly 60 (composed of economists, temporary-hired consultants, interns) as of 2014 (KDI 2010--).
that need to be understood as being behind the logic and fragmentation problems associated with KS proliferation. Additionally, the Korean aid system is yet to introduce a nationwide, integrative aid data platform. Each agency develops an expensive, non-standardized data outlet on its own, in a fragmented manner.

It appears that prominent co-ordinating bodies, such as MOSF, MOFA, the PMO, and the CIDC, have neither the incentive nor the capacity to build up an integrative aid data platform, whereas EDCF is legally mandated to carry out the functions with limited enforcement/co-operation mechanisms attached. Policy and operational communication/collaboration between aid agencies (e.g. KOICA–EDCF) rarely take place. In particular, even in the process of making country strategy papers cross-government discussions turned out to be largely nominal. In the field of KS, there is a stark absence of policy dialogue and knowledge management between two of the leading implementers, KDI and KOICA. There are strict silos of aid agencies that rarely facilitate inter-agency co-operation and system-wide aid discourse.

External communication with international authorities

When it comes to policy permeability of aid agencies—which represents one of the testable hypotheses that an agent might demonstrate policy conformity to non-principals to increase its own indispensability (Hawkins and Jacoby 2006: 204)—some of the Korean aid organizations show that this is indeed the case. In terms of reporting ODA data and engaging in policy dialogues at global settings, both KOICA and EDCF are assessed to be highly participatory to respective international schemes (OECD/DAC 2012). This research duly found that a number of ODA data that appear absent from domestic sources are quite readily accessible at the OECD statistics website (see OECD 2014b).

6.4 Aid agency and sub-contractor

Korea’s high CPA (country programmable aid) ratio (35 per cent; DAC average: 54 per cent; OECD/DAC 2012) implies that Korean aid agencies tend far less to sub-contract the overseas operation to local NGOs and the private sector. A low level of operational involvement of NGOs and private consulting companies might be also caused by the particular preference of aid bureaucracy. The negative perception of NGOs among aid bureaucrats largely discourages public–private partnerships (see Table 11).

| Table 11: Annual shares (%) of core support to national NGOs and other private bodies to overall bilateral aid |
|-----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| DAC average     | 2.22   | 2.22   | 2.24   | 1.94   | 2.08   | 2.05   | 1.77   | 1.22   | 1.09   | 1.17   |
| South Korea     | 0.26   | 0.50   | 0.41   | 1.12   | 0.91   | 1.04   | 0.90   | 0.05   | 0.02   | 0.05   |

Source: OECD (2014b).

According to official documents and research papers, KOICA mentions that the weak capacity and inexperience of domestic NGOs is a critical obstacle to its strategic expansion of the public–private partnership. As a consequence, KOICA tends to work with a selected, small pool of NGOs and academic institutions.

On the other hand, MOSF and its aid agencies (EDCF and KDI) aim to interact with domestic businesses, putting emphasis on mutual benefit between the public and the private (MOSF 2014).

10 The higher CPA ratio means more capitals and commodity are transferred to recipient countries with less administrative costs and smaller in-donor expenditure.
In a hypothetical model of international development co-operation that is promoted by MOSF, KSP is an element body, which supplements EDCF loan operations. According to this hypothesized model, KSP is also expected to provide country-/sector-specific (e.g. technical trade, investment barrier analysis) research data to domestic industries of construction, information technology, communications, distribution, business consulting, and research institutions.

Under a newly set three-year economic development plan (2014–17; see MOSF and KDI 2014–) of the Park Geun Hae administration, EDCF’s scope of activities is expanded (including the services of concessional loans, government guarantee, and export financing for exporting domestic companies) in order to promote public–private partnerships and to align the ODA objectives with domestic export-oriented interests (Figure 9).

Figure 9: A Korean model of development co-operation from the perspective of MOSF: Enhancing the market accessibility of domestic businesses in foreign developing countries

MOSF finds references for its commercially refocused approach from various international sources. In the aftermath of the global financial crisis in 2008/09 the Western economies revisited the notion of mutual benefit between donor and recipient to find a way of making ODA sustainable even at times of economic hardship. For instance, the Department for International Development’s Business-Friendly Development Strategy (DFID 2014) signifies a strategic change within such social development-oriented agency. Despite public concerns and criticisms over the new aid strategy, the DFID aims to support private sector development in the developing world. The agendas include direct financing to public infrastructure, close partnerships with UK’s businesses and local ones in partner countries, and job creation.

Closing the analysis session

To sum up, the Korea-modelled KS initiative is a key case that addresses the respective interests of various organizations within the Korean government. Unlike other types of aid, knowledge-based aid is a grey area for aid management and implementation—there is no single, clear institutional/organizational point of supervision, co-ordination, and monitoring within the Korean aid system.

At the policy-making level, given the peculiar trait of the Korean aid system that allows a strong leverage of the president and the finance ministry over the aid volume and allocation decisions, it is partially confirmed that these high-level state actors are considered to be the critical forces for the fast overall aid growth. The rivalry and ideological gap between MOFA and MOSF also provide momentum to KS proliferation but work against making a consensual discourse on the objectives and approaches of KS practices within the Korean aid administration.
At the implementing level, aid agencies under severe budgetary pressures and political uncertainty show strategic behaviour rather than pursuing routine/passive tasks in this KS field. This goes against the conventional principal-oriented hypothesis. As opportunistic aid agencies increase in number without legal restrictions, the problem of fragmentation is only exacerbated. The rise of KS in Korea could also be explained more by the collective strategic choices of aid agencies and less by top-down systematic plans of the aid regime.

Under the nascent institutional arrangements of the aid administration—in terms of missing common objectives, weak co-ordination mechanisms, and unclear task allocation—the political opportunism of individual aid organizations plays out. Here, developmentalism—a developmental discourse on the necessity of global development co-operation and the state intervention to promote it among the Korean aid bureaucracy—is content-wise dualistic and incentive/behaviour-wise reactive.

7 Conclusion: rise of KS as fashion or as fundamental shift?

The debate on the aid motivations and development co-operation models has been dramatically expanded together with new theoretical approaches and new donor country cases. However, the particular phenomenon of South Korea’s growing preoccupation with KS has been met with few academic attempts to explore the rationales and momentum behind it, despite its growing importance in today’s emerging donor aid model discourse.

In the existing discussion on emerging donors, the concept of state developmentalism is often revisited. Many scholars argue that state entrepreneurship might explain the heterogeneity between traditional Western aid models and those of emerging donors. But this idea has rarely been tested, leaving the state actor as a black box. Given the lacuna, the above-introduced neo-institutional framework allows us to look at the internal political dynamics within a donor government. Incentive is an important element to understand the nature of contemporary developmentalism within the aid bureaucracy (Easterly 2002). Incentive systems of bilateral aid organizations are identifiable through the principal–agent relationships.

The particular developmentalism within the Korean aid administration that this study highlights is something unintentional—which is divergent from the previously described state features in the old discussion of the South Korean government’s deliberate intervention to successful industrial transformation in the 1960s to 1990s. Among other things, the coherent developmental state bureaucrat group in the industrial policy area—as the ingredient of the Korean economic miracles in the past—might be a partial or outdated picture of the Korean statist developmentalism. The group’s presence appears weak and twisted in the contemporary international development co-operation sphere.

The combination of the lax institutional foundations of the aid administration and the indifferent public may constitute key aspects of the Korean aid model. In particular, the KS initiative is a good example that highlights the incentive problems associated with strategic, opportunistic state aid players. State developmentalism in the sphere of development co-operation is composed of the dual pillars of economic co-operation and global responsibility.

Alternative approaches such as network analysis or constructivist approaches could be employed to further enrich the discussion. However, this paper tries to focus on selected interactions that might significantly shape the incentive systems of the agencies and the particular policy outcomes. Also, regarding whether a growing KS might imply a fundamental ideational transition in the
Korean aid regime as Lumsdaine and Schopf (2007) argue, this research found insufficient evidence to support the view.

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